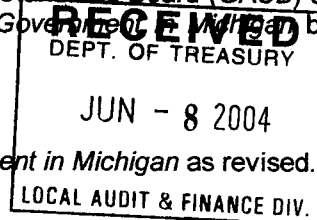


AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Tallmadge	County Ottawa
Audit Date March 31, 2004	Opinion Date May 10, 2004	Date Accountant Report Submitted to State: May 10, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government* as required by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

RECEIVED

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUN - 8 2004

Year Ended March 31, 2004

LOCAL AUDIT & FINANCE DIV

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
General Purpose Financial Statements:		
Combined Balance Sheet – All Fund Types and Account Groups	A	2-3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	4-5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds	C	6-7
Notes to Financial Statements		8-22
Supplementary Information:		
Special Revenue Funds:		
Combining Balance Sheet	D	23
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E	24
Debt Service Funds:		
Combining Balance Sheet	F	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	G	26
Combining Balance Sheet – All Fiduciary Funds	H	27
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I	28

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
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BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
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INDEPENDENT AUDITOR'S REPORT

May 10, 2004

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

We have audited the accompanying general purpose financial statements of the Charter Township of Tallmadge, Ottawa County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Charter Township of Tallmadge's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Charter Township of Tallmadge, Ottawa County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Charter Township of Tallmadge, Ottawa County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

Page 1

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets</u>				
Cash in bank and investments	591 443 82	390 388 02	1 140 533 89	2 663 03
Taxes receivable	18 026 39	3 268 32	1 299 242 87	-
Special assessments receivable	95 280 95	-	-	-
Land	-	-	-	-
Land improvements	-	-	-	-
Buildings	-	-	-	-
Building improvements	-	-	-	-
Equipment	-	-	-	-
Amount available in Debt Service Funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total Assets	<u>704 751 16</u>	<u>393 656 34</u>	<u>2 439 776 76</u>	<u>2 663 03</u>

The accompanying notes are an integral part of these financial statements.

<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total</u>
<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>	<u>(Memorandum Only)</u>
1 851 52	-	-	2 126 880 28
-	-	-	1 320 537 58
-	-	-	95 280 95
-	85 314 43	-	85 314 43
-	468 037 00	-	468 037 00
-	142 032 08	-	142 032 08
-	461 269 86	-	461 269 86
-	1 268 982 81	-	1 268 982 81
-	-	1 165 631 09	1 165 631 09
-	-	3 639 368 91	3 639 368 91
<u>1 851 52</u>	<u>2 425 636 18</u>	<u>4 805 000 00</u>	<u>10 773 334 99</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A
Page 2

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	-	27 00	-	-
Deposit payable	40 000 00	-	-	-
Due to others	-	-	-	-
Bonds payable	-	-	-	-
Deferred revenue	<u>95 280 95</u>	<u>-</u>	<u>1 274 145 67</u>	<u>-</u>
Total liabilities	<u>135 280 95</u>	<u>27 00</u>	<u>1 274 145 67</u>	<u>-</u>
Fund equity:				
Investments in general fixed assets	-	-	-	-
Fund balances:				
Reserved for debt retirement	-	-	1 165 631 09	-
Reserved for construction	-	-	-	2 663 03
Unreserved:				
Undesignated	<u>569 470 21</u>	<u>393 629 34</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>569 470 21</u>	<u>393 629 34</u>	<u>1 165 631 09</u>	<u>2 663 03</u>
Total Liabilities and Fund Equity	<u>704 751 16</u>	<u>393 656 34</u>	<u>2 439 776 76</u>	<u>2 663 03</u>

The accompanying notes are an integral part of these financial statements.

<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>	
-	-	-	27 00
-	-	-	40 000 00
1 851 52	-	-	1 851 52
-	-	4 805 000 00	4 805 000 00
-	-	-	1 369 426 62
<u>1 851 52</u>	<u>-</u>	<u>4 805 000 00</u>	<u>6 216 305 14</u>
-	2 425 636 18	-	2 425 636 18
-	-	-	1 165 631 09
-	-	-	2 663 03
-	-	-	963 099 55
<u>-</u>	<u>2 425 636 18</u>	<u>-</u>	<u>4 557 029 85</u>
<u>1 851 52</u>	<u>2 425 636 18</u>	<u>4 805 000 00</u>	<u>10 773 334 99</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B
Page 1

Year Ended March 31, 2004

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Property taxes	196 000 77	49 369 72	-	-
Licenses and permits	87 639 61	-	-	-
State revenue sharing	475 771 00	-	-	-
Charges for services:				
Property tax administration	8 677 75	-	-	-
Fire protection	-	120 114 27	-	-
Other	13 197 16	-	-	-
Interest	9 711 22	1 764 24	15 462 01	-
Rents	3 550 00	-	-	-
Special assessments	37 742 56	-	293 491 18	-
Miscellaneous	<u>6 883 53</u>	<u>9 052 94</u>	<u>-</u>	<u>933 268 38</u>
Total revenues	<u>839 173 60</u>	<u>180 301 17</u>	<u>308 953 19</u>	<u>933 268 38</u>
Expenditures:				
Legislative:				
Township Board	65 679 99	-	-	-
General government:				
Supervisor	23 299 99	-	-	-
Assessor	21 978 79	-	-	-
Professional fees	65 089 04	-	-	-
Clerk	23 486 00	-	-	-
Board of Review	1 440 00	-	-	-
Treasurer	28 670 87	-	-	-
Building and grounds	33 017 76	-	-	-
Cemetery	747 00	-	-	-
Public safety:				
Fire protection	-	195 623 78	-	-
Police protection	16 309 10	-	-	-
Planning and zoning	27 000 00	-	-	-
Building inspection	43 385 03	-	-	-

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

245 370 49
87 639 61
475 771 00

8 677 75
120 114 27
13 197 16
26 937 47
3 550 00
331 233 74
949 204 85

2 261 696 34

65 679 99

23 299 99
21 978 79
65 089 04
23 486 00
1 440 00
28 670 87
33 017 76
747 00

195 623 78
16 309 10
27 000 00
43 385 03

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 2

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Expenditures: (continued)				
Public works:				
Highways and streets	176 881 55	-	-	-
Street lighting	9 725 06	-	-	-
Drains at large	26 179 42	-	-	-
Water	612 37	-	-	-
Johnson, 14 th , Ironwood construction	-	-	-	970 556 13
Hydrant rental	8 601 00	-	-	-
Recreation and culture:				
Parks and recreation	11 320 53	-	-	-
Other functions:				
Insurance	15 873 94	-	-	-
Payroll taxes	10 747 54	-	-	-
Pension plan	8 782 53	-	-	-
Capital outlay	5 659 00	850 00	-	-
Debt service	-	-	747 426 25	-
Total expenditures	<u>624 486 51</u>	<u>196 473 78</u>	<u>747 426 25</u>	<u>970 556 13</u>
Excess (deficiency) of revenues over expenditures	<u>214 687 09</u>	<u>(16 172 61)</u>	<u>(438 473 06)</u>	<u>(37 287 75)</u>
Other financing sources (uses):				
Operating transfers in	30 000 00	137 024 47	299 980 00	35 500 00
Operating transfers out	<u>(472 504 47)</u>	<u>-</u>	<u>(30 000 00)</u>	<u>-</u>
Total other financing sources (uses)	<u>(442 504 47)</u>	<u>137 024 47</u>	<u>269 980 00</u>	<u>35 500 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(227 817 38)	120 851 86	(168 493 06)	(1 787 75)
Fund balances, April 1	<u>797 287 59</u>	<u>272 777 48</u>	<u>1 334 124 15</u>	<u>4 450 78</u>
Fund Balances, March 31	<u>569 470 21</u>	<u>393 629 34</u>	<u>1 165 631 09</u>	<u>2 663 03</u>

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

176 881 55
9 725 06
26 179 42
612 37
970 556 13
8 601 00

11 320 53

15 873 94
10 747 54
8 782 53
6 509 00
747 426 25

2 538 942 67

(277 246 33)

502 504 47
(502 504 47)

-

(277 246 33)

2 408 640 00

2 131 393 67

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS

EXHIBIT C
Page 1

Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	191 400 00	196 000 77	4 600 77
Licenses and permits	87 000 00	87 639 61	639 61
State revenue sharing	530 000 00	475 771 00	(54 229 00)
Charges for services:			
Property tax administration	8 500 00	8 677 75	177 75
Fire protection	-	-	-
Other	13 200 00	13 197 16	(2 84)
Interest	20 600 00	9 711 22	(10 888 78)
Rents	3 500 00	3 550 00	50 00
Special assessments	10 000 00	37 742 56	27 742 56
Miscellaneous	<u>22 150 00</u>	<u>6 883 53</u>	<u>(15 266 47)</u>
Total revenues	<u>886 350 00</u>	<u>839 173 60</u>	<u>(47 176 40)</u>
Expenditures:			
Legislative:			
Township Board	76 525 00	65 679 99	(10 845 01)
General government:			
Supervisor	24 610 00	23 299 99	(1 310 01)
Elections	1 000 00	-	(1 000 00)
Assessor	22 500 00	21 978 79	(521 21)
Professional fees	77 000 00	65 089 04	(11 910 96)
Clerk	27 400 00	23 486 00	(3 914 00)
Board of Review	2 000 00	1 440 00	(560 00)
Treasurer	30 440 00	28 670 87	(1 769 13)
Building and grounds	33 000 00	33 017 76	17 76
Cemetery	4 000 00	747 00	(3 253 00)
Public safety:			
Fire protection	-	-	-
Police protection	15 000 00	16 309 10	1 309 10
Planning and zoning	32 000 00	27 000 00	(5 000 00)
Building inspection	50 000 00	43 385 03	(6 614 97)

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
95 000 00	49 369 72	(45 630 28)
-	-	-
-	-	-
-	-	-
72 100 00	120 114 27	48 014 27
-	-	-
3 800 00	1 764 24	(2 035 76)
-	-	-
-	-	-
<u>6 750 00</u>	<u>9 052 94</u>	<u>2 302 94</u>
<u>177 650 00</u>	<u>180 301 17</u>	<u>2 651 17</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
209 000 00	195 623 78	(13 376 22)
-	-	-
-	-	-
-	-	-

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS

EXHIBIT C
Page 2

Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures: (continued)			
Public works:			
Highways and streets	535 467 71	176 881 55	(358 586 16)
Street lighting	10 000 00	9 725 06	(274 94)
Drains at large	10 000 00	26 179 42	16 179 42
Water	6 000 00	612 37	(5 387 63)
Hydrant rental	10 250 00	8 601 00	(1 649 00)
Recreation and culture:			
Parks and recreation	22 500 00	11 320 53	(11 179 47)
Other functions:			
Insurance	14 500 00	15 873 94	1 373 94
Payroll taxes	12 000 00	10 747 54	(1 252 46)
Pension plan	7 500 00	8 782 53	1 282 53
Contingency	200 000 00	-	(200 000 00)
Capital outlay	<u>8 500 00</u>	<u>5 659 00</u>	<u>(2 841 00)</u>
Total expenditures	<u>1 232 192 71</u>	<u>624 486 51</u>	<u>(607 706 20)</u>
Excess (deficiency) of revenues over expenditures	<u>(345 842 71)</u>	<u>214 687 09</u>	<u>560 529 80</u>
Other financing sources (uses):			
Operating transfers in	-	30 000 00	30 000 00
Operating transfers out	<u>(430 881 00)</u>	<u>(472 504 47)</u>	<u>(41 623 47)</u>
Total other financing sources (uses)	<u>(430 881 00)</u>	<u>(442 504 47)</u>	<u>(11 623 47)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(776 723 71)	(227 817 38)	548 906 33
Fund balances, April 1	<u>776 723 71</u>	<u>797 287 59</u>	<u>20 563 88</u>
Fund Balances, March 31	<u>-</u>	<u>569 470 21</u>	<u>569 470 21</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
58 847 26	-	(58 847 26)
<u>296 078 11</u>	<u>850 00</u>	<u>(295 228 11)</u>
<u>563 925 37</u>	<u>196 473 78</u>	<u>(367 451 59)</u>
<u>(386 275 37)</u>	<u>(16 172 61)</u>	<u>370 102 76</u>
121 900 00	137 024 47	15 124 47
-	-	-
<u>121 900 00</u>	<u>137 024 47</u>	<u>15 124 47</u>
(264 375 37)	120 851 86	385 227 23
<u>264 375 37</u>	<u>272 777 48</u>	<u>8 402 11</u>
<u>-</u>	<u>393 629 34</u>	<u>393 629 34</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Tallmadge, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Charter Township of Tallmadge. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds

These funds are used to record the funding and payment of principal and interest on debt reported in the General Long-Term Debt Account Group.

Capital Projects Fund

This fund is used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations and special assessments.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the general long-term debt of the local unit.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14, with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 1.2050 mills, and the taxable value was \$195,824,821.00

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Budget Variances

Public Act 621 of 1978 requires that a municipality shall not incur expenditures in excess of the amount appropriated. The approved budget of the Township for the General Fund was adopted on an activity level, and amended periodically by the Township Board. During the year ended March 31, 2004, the Township incurred expenditures in certain activities which were in excess of the amounts appropriated.

<u>Fund/Activity:</u>	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Building and grounds	33 000 00	33 017 76	17 76
Police protection	15 000 00	16 309 10	1 309 10
Drains at large	10 000 00	26 179 42	16 179 42
Insurance	14 500 00	15 873 94	1 373 94
Pension	7 500 00	8 782 53	1 282 53

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>721 030 95</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 3 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	326 846 06
Uninsured and Uncollateralized	<u>405 260 82</u>
Total Deposits	<u><u>732 106 88</u></u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized:				
Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk-Categorized Investments	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u>-</u>
Nonrisk-Categorized:				
Financial Institution Pooled Funds				<u>1 405 849 33</u>
Total Investments				<u><u>1 405 849 33</u></u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land	85 314 43	-	-	85 314 43
Land and improvements	468 037 00	-	-	468 037 00
Buildings	142 032 08	-	-	142 032 08
Building improvements	461 269 86	-	-	461 269 86
Equipment	<u>1 262 473 81</u>	<u>6 509 00</u>	<u>-</u>	<u>1 268 982 81</u>
Totals	<u>2 419 127 18</u>	<u>6 509 00</u>	<u>-</u>	<u>2 425 636 18</u>

Note 5 – Changes in General Long-Term Debt

A summary in changes in general long-term debt follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
1995 Special Assessment Bonds	465 000 00	-	155 000 00	310 000 00
1998 Special Assessment Bonds	715 000 00	-	65 000 00	650 000 00
1998 General Obligation Bonds	315 000 00	-	45 000 00	270 000 00
1999 Special Assessment Bonds	660 000 00	-	55 000 00	605 000 00
1999 General Obligation Bonds	970 000 00	-	60 000 00	910 000 00
2001 Special Assessment Bonds	755 000 00	-	55 000 00	700 000 00
2001 General Obligation Bonds	<u>1 430 000 00</u>	<u>-</u>	<u>70 000 00</u>	<u>1 360 000 00</u>
Totals	<u>5 310 000 00</u>	<u>-</u>	<u>505 000 00</u>	<u>4 805 000 00</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 6 – 1995 Special Assessment Bonds

On November 1, 1995 the Township issued \$1,500,000.00 in bonds for the purpose of funding construction of an industrial park. The bonds will be repaid through special assessments. As of March 31, 2004, \$310,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	4.9%	155 000 00	7 672 50
1/01/2005	-	-	3 875 00
7/01/2005	5.0%	<u>155 000 00</u>	<u>3 875 00</u>
Total		<u>310 000 00</u>	<u>15 422 50</u>

Note 7 – 1998 Special Assessment Bonds

On March 1, 1998, the Township issued \$985,000.00 in bonds for the purpose of funding water and sewer line extensions. The bonds will be repaid through special assessments. As of March 31, 2004, \$650,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	4.8%	65 000 00	15 291 25
1/01/2005	-	-	13 731 25
7/01/2005	4.8%	65 000 00	13 731 25
1/01/2006	-	-	12 171 25
7/01/2006	4.45%	65 000 00	12 171 25
1/01/2007	-	-	10 725 00
7/01/2007	4.5%	65 000 00	10 725 00
1/01/2008	-	-	9 262 50
7/01/2008	4.6%	65 000 00	9 262 50
1/01/2009	-	-	7 767 50
7/01/2009	4.7%	65 000 00	7 767 50
1/01/2010	-	-	6 240 00
7/01/2010	4.75%	65 000 00	6 240 00

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 7 – 1998 Special Assessment Bonds (continued)

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
1/01/2011	-	-	4 696 25
7/01/2011	4.8%	65 000 00	4 696 25
1/01/2012	-	-	3 136 25
7/01/2012	4.8%	65 000 00	3 136 25
1/01/2013	-	-	1 576 25
7/01/2013	4.85%	<u>65 000 00</u>	<u>1 576 25</u>
Total		<u>650 000 00</u>	<u>153 903 75</u>

Note 8 – 1998 General Obligation Bonds

On March 1, 1998, the Township issued \$475,000.00 in bonds for the purpose of funding water and sewer line extensions. As of March 31, 2004, \$270,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	4.8%	50 000 00	6 241 25
1/01/2005	-	-	5 041 25
7/01/2005	4.8%	50 000 00	5 041 25
1/01/2006	-	-	3 841 25
7/01/2006	4.45%	55 000 00	3 841 25
1/01/2007	-	-	2 617 50
7/01/2007	4.5%	55 000 00	2 617 50
1/01/2008	-	-	1 380 00
7/01/2008	4.6%	<u>60 000 00</u>	<u>1 380 00</u>
Total		<u>270 000 00</u>	<u>32 001 25</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 9 – 1999 Special Assessment Bonds

On October 1, 1999, the Township issued \$755,000.00 in bonds for the purpose of funding water, sewer and road improvements. The bonds will be repaid through special assessments. As of March 31, 2004, \$605,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	5.15%	55 000 00	16 050 00
1/01/2005	-	-	14 633 75
7/01/2005	5.15%	55 000 00	14 633 75
1/01/2006	-	-	13 217 50
7/01/2006	5.15%	55 000 00	13 217 50
1/01/2007	-	-	11 801 25
7/01/2007	5.15%	55 000 00	11 801 25
1/01/2008	-	-	10 385 00
7/01/2008	5.15%	50 000 00	10 385 00
1/01/2009	-	-	9 097 50
7/01/2009	5.15%	50 000 00	9 097 50
1/01/2010	-	-	7 810 00
7/01/2010	5.25%	50 000 00	7 810 00
1/01/2011	-	-	6 497 50
7/01/2011	5.35%	50 000 00	6 497 50
1/01/2012	-	-	5 160 00
7/01/2012	5.45%	50 000 00	5 160 00
1/01/2013	-	-	3 797 50
7/01/2013	5.55%	50 000 00	3 797 50
1/01/2014	-	-	2 410 00
7/01/2014	5.65%	50 000 00	2 410 00
1/01/2015	-	-	997 50
7/01/2015	5.70%	<u>35 000 00</u>	<u>997 50</u>
Total		<u>605 000 00</u>	<u>187 665 00</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – 1999 General Obligation Bonds

On October 1, 1999, the Township issued \$1,135,000.00 in bonds for the purpose of funding water, sewer and road improvements. As of March 31, 2004, \$910,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	5.15%	65 000 00	24 170 00
1/01/2005	-	-	22 496 25
7/01/2005	5.15%	65 000 00	22 496 25
1/01/2006	-	-	20 822 50
7/01/2006	5.15%	70 000 00	20 822 50
1/01/2007	-	-	19 020 00
7/01/2007	5.15%	75 000 00	19 020 00
1/01/2008	-	-	17 088 75
7/01/2008	5.15%	80 000 00	17 088 75
1/01/2009	-	-	15 028 75
7/01/2009	5.15%	80 000 00	15 028 75
1/01/2010	-	-	12 968 75
7/01/2010	5.25%	85 000 00	12 968 75
1/01/2011	-	-	10 737 50
7/01/2011	5.35%	90 000 00	10 737 50
1/01/2012	-	-	8 330 00
7/01/2012	5.45%	95 000 00	8 330 00
1/01/2013	-	-	5 741 25
7/01/2013	5.55%	100 000 00	5 741 25
1/01/2014	-	-	2 966 25
7/01/2014	5.56%	<u>105 000 00</u>	<u>2 966 25</u>
Total		<u>910 000 00</u>	<u>294 570 00</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 11 – 2001 Special Assessment Bonds

On October 1, 2001, the Township issued \$775,000.00 in bonds for the purpose of funding water, sewer and road improvements. The bonds will be repaid through special assessments. As of March 31, 2004, \$700,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	6.00%	55 000 00	15 536 25
1/01/2005	-	-	13 886 25
7/01/2005	6.00%	55 000 00	13 886 25
1/01/2006	-	-	12 236 25
7/01/2006	6.00%	55 000 00	12 236 25
1/01/2007	-	-	10 586 25
7/01/2007	3.35%	55 000 00	10 586 25
1/01/2008	-	-	9 665 00
7/01/2008	3.35%	55 000 00	9 665 00
1/01/2009	-	-	8 688 75
7/01/2009	3.70%	55 000 00	8 688 75
1/01/2010	-	-	7 671 25
7/01/2010	3.80%	50 000 00	7 671 25
1/01/2011	-	-	6 721 25
7/01/2011	3.90%	55 000 00	6 721 25
1/01/2012	-	-	5 648 75
7/01/2012	4.00%	55 000 00	5 648 75
1/01/2013	-	-	4 548 75
7/01/2013	4.15%	55 000 00	4 548 75
1/01/2014	-	-	3 407 50
7/01/2014	4.30%	55 000 00	3 407 50
1/01/2015	-	-	2 225 00
7/01/2015	4.40%	50 000 00	2 225 00
1/01/2016	-	-	1 125 00
7/01/2016	4.50%	<u>50 000 00</u>	<u>1 125 00</u>
Total		<u>700 000 00</u>	<u>188 356 25</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 12 – 2001 General Obligation Bonds

On October 1, 2001, the Township issued \$1,515,000.00 on bonds for the purpose of funding water, sewer and road improvements. As of March 31, 2004, \$1,360,000.00 of the bonds remained outstanding. These bonds are recorded in the General Long-Term Debt Account Group. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7/01/2004	6.00%	75 000 00	29 716 25
1/01/2005	-	-	27 466 25
7/01/2005	6.00%	80 000 00	27 466 25
1/01/2006	-	-	25 066 25
7/01/2006	6.00%	85 000 00	25 066 25
1/01/2007	-	-	22 516 25
7/01/2007	3.35%	85 000 00	22 516 25
1/01/2008	-	-	21 092 50
7/01/2008	3.55%	90 000 00	21 092 50
1/01/2009	-	-	19 495 00
7/01/2009	3.70%	95 000 00	19 495 00
1/01/2010	-	-	17 737 50
7/01/2010	3.80%	105 000 00	17 737 50
1/01/2011	-	-	15 742 50
7/01/2011	3.90%	110 000 00	15 742 50
1/01/2012	-	-	13 597 50
7/01/2012	4.00%	115 000 00	13 597 50
1/01/2013	-	-	11 297 50
7/01/2013	4.15%	120 000 00	11 297 50
1/01/2014	-	-	8 807 50
7/01/2014	4.30%	125 000 00	8 807 50
1/01/2015	-	-	6 120 00
7/01/2015	4.40%	135 000 00	6 120 00
1/01/2016	-	-	3 150 00
7/01/2016	4.50%	<u>140 000 00</u>	<u>3 150 00</u>
Total		<u>1 360 000 00</u>	<u>413 893 75</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 13 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 14 – Retirement Plan

The Charter Township has a defined contribution retirement plan that covers all full-time employees of the Township. Under the plan, the Township contributes amounts based on the employee's annual earnings. The Township's net retirement contributions amounted to \$19,018.81 for the year ended March 31, 2004.

Note 15 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 16 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
1998 G.O. Debt Retirement	58 562 50	General	472 504 47
1999 G.O. Debt Retirement	109 885 00	1995 S.A. Debt	
2001 Capital Projects	35 500 00	Retirement	30 000 00
Fire Operating	107 900 00		
Fire Capital Improvement	14 000 00		
2001 G.O. Debt Retirement	131 532 50		
Park	15 124 47		
General	<u>30 000 00</u>		
Total	<u>502 504 47</u>	Total	<u>502 504 47</u>

Note 17 – Building Permits

As of March 31, 2004, the Township had building permit revenues of \$52,682.00 and building permit expenses of \$43,385.03.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 18 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

March 31, 2004

EXHIBIT D

	<u>Park</u>	<u>Fire</u>	<u>Fire Capital Improvement</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank and investments	20 262 84	23 511 30	346 613 88	390 388 02
Taxes receivable	<u>-</u>	<u>-</u>	<u>3 268 32</u>	<u>3 268 32</u>
Total Assets	<u>20 262 84</u>	<u>23 511 30</u>	<u>349 882 20</u>	<u>393 656 34</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	<u>-</u>	<u>27 00</u>	<u>-</u>	<u>27 00</u>
Total liabilities	<u>-</u>	<u>27 00</u>	<u>-</u>	<u>27 00</u>
Fund balances:				
Unreserved:				
Undesignated	<u>20 262 84</u>	<u>23 484 30</u>	<u>349 882 20</u>	<u>393 629 34</u>
Total fund balances	<u>20 262 84</u>	<u>23 484 30</u>	<u>349 882 20</u>	<u>393 629 34</u>
Total Liabilities and Fund Balances	<u>20 262 84</u>	<u>23 511 30</u>	<u>349 882 20</u>	<u>393 656 34</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

EXHIBIT E

Year Ended March 31, 2004

	<u>Park</u>	<u>Fire</u>	<u>Fire Capital Improvement</u>
Revenues:			
Property taxes	-	-	49 369 72
Charges for services rendered:			
Fire protection	-	58 100 00	62 014 27
Interest	125 66	112 59	1 525 99
Miscellaneous	-	5 766 25	3 286 69
Total revenues	<u>125 66</u>	<u>63 978 84</u>	<u>116 196 67</u>
Expenditures:			
Fire protection:			
Salaries and wages	-	117 860 00	-
Payroll taxes	-	9 460 56	-
Pension	-	10 236 28	-
Operating supplies	-	5 630 89	4 294 08
Repairs and maintenance supplies	-	1 543 78	-
Professional services	-	1 095 44	-
Communications	-	1 062 18	-
Insurance	-	21 777 00	-
Repairs and maintenance	-	5 540 21	9 524 68
Education	-	-	2 822 30
Miscellaneous	-	-	4 776 38
Capital outlay	-	-	850 00
Total expenditures	<u>-</u>	<u>174 206 34</u>	<u>22 267 44</u>
Excess (deficiency) of revenues over expenditures	<u>125 66</u>	<u>(110 227 50)</u>	<u>93 929 23</u>
Other financing sources (uses):			
Operating transfers in	<u>15 124 47</u>	<u>107 900 00</u>	<u>14 000 00</u>
Total other financing sources (uses)	<u>15 124 47</u>	<u>107 900 00</u>	<u>14 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	15 250 13	(2 327 50)	107 929 23
Fund balances, April 1	<u>5 012 71</u>	<u>25 811 80</u>	<u>241 952 97</u>
Fund Balances, March 31	<u><u>20 262 84</u></u>	<u><u>23 484 30</u></u>	<u><u>349 882 20</u></u>

Total

49 369 72

120 114 27

1 764 24

9 052 94

180 301 17

117 860 00

9 460 56

10 236 28

9 924 97

1 543 78

1 095 44

1 062 18

21 777 00

15 064 89

2 822 30

4 776 38

850 00

196 473 78

(16 172 61)

137 024 47

137 024 47

120 851 86

272 777 48

393 629 34

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL DEBT SERVICE FUNDS
March 31, 2004

EXHIBIT F

	<u>1995 S.A. Debt Retirement</u>	<u>1998 G.O. Debt Retirement</u>	<u>1998 S.A. Debt Retirement</u>
<u>Assets</u>			
Cash in bank and investments	321 765 62	83 40	317 444 26
Special assessments receivable	<u>64 022 88</u>	<u>-</u>	<u>419 053 71</u>
Total Assets	<u><u>385 788 50</u></u>	<u><u>83 40</u></u>	<u><u>736 497 97</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Deferred revenue	<u>55 335 30</u>	<u>-</u>	<u>411 170 67</u>
Total liabilities	<u><u>55 335 30</u></u>	<u><u>-</u></u>	<u><u>411 170 67</u></u>
Fund balances:			
Reserved for debt retirement	<u>330 453 20</u>	<u>83 40</u>	<u>325 327 30</u>
Total fund balances	<u><u>330 453 20</u></u>	<u><u>83 40</u></u>	<u><u>325 327 30</u></u>
Total Liabilities and Fund Balances	<u><u>385 788 50</u></u>	<u><u>83 40</u></u>	<u><u>736 497 97</u></u>

<u>1999 G.O. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>	<u>2001 G.O. Debt Retirement</u>	<u>2001 S.A. Debt Retirement</u>	<u>Total</u>
414 37	312 460 57	5 435 05	182 930 62	1 140 533 89
<u>-</u>	<u>311 284 56</u>	<u>-</u>	<u>504 881 72</u>	<u>1 299 242 87</u>
<u>414 37</u>	<u>623 745 13</u>	<u>5 435 05</u>	<u>687 812 34</u>	<u>2 439 776 76</u>
<u>-</u>	<u>308 288 18</u>	<u>-</u>	<u>499 351 52</u>	<u>1 274 145 67</u>
<u>-</u>	<u>308 288 18</u>	<u>-</u>	<u>499 351 52</u>	<u>1 274 145 67</u>
<u>414 37</u>	<u>315 456 95</u>	<u>5 435 05</u>	<u>188 460 82</u>	<u>1 165 631 09</u>
<u>414 37</u>	<u>315 456 95</u>	<u>5 435 05</u>	<u>188 460 82</u>	<u>1 165 631 09</u>
<u>414 37</u>	<u>623 745 13</u>	<u>5 435 05</u>	<u>687 812 34</u>	<u>2 439 776 76</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL DEBT SERVICE FUNDS

EXHIBIT G

Year Ended March 31, 2004

	<u>1995 S.A. Debt Retirement</u>	<u>1998 G.O. Debt Retirement</u>	<u>1998 S.A. Debt Retirement</u>
Revenues:			
Interest	4 641 96	52	4 265 57
Special assessments	<u>68 471 54</u>	<u>-</u>	<u>87 081 46</u>
Total revenues	<u>73 113 50</u>	<u>52</u>	<u>91 347 03</u>
Expenditures:			
Debt service:			
Principal	155 000 00	45 000 00	65 000 00
Interest	<u>19 065 00</u>	<u>13 562 50</u>	<u>32 142 50</u>
Total expenditures	<u>174 065 00</u>	<u>58 562 50</u>	<u>97 142 50</u>
Excess (deficiency) of revenues over expenditures	<u>(100 951 50)</u>	<u>(58 561 98)</u>	<u>(5 795 47)</u>
Other financing sources (uses):			
Operating transfers in	-	58 562 50	-
Operating transfers out	<u>(30 000 00)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(30 000 00)</u>	<u>58 562 50</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(130 951 50)	52	(5 795 47)
Fund balances, April 1	<u>461 404 70</u>	<u>82 88</u>	<u>331 122 77</u>
Fund Balances, March 31	<u><u>330 453 20</u></u>	<u><u>83 40</u></u>	<u><u>325 327 30</u></u>

<u>1999 G.O. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>	<u>2001 G.O. Debt Retirement</u>	<u>2001 S.A. Debt Retirement</u>	<u>Total</u>
2 55	4 329 96	27 17	2 194 28	15 462 01
<u>-</u>	<u>54 470 56</u>	<u>-</u>	<u>83 467 62</u>	<u>293 491 18</u>
<u>2 55</u>	<u>58 800 52</u>	<u>27 17</u>	<u>85 661 90</u>	<u>308 953 19</u>
60 000 00	55 000 00	70 000 00	55 000 00	505 000 00
<u>49 885 00</u>	<u>33 516 25</u>	<u>61 532 50</u>	<u>32 722 50</u>	<u>242 426 25</u>
<u>109 885 00</u>	<u>88 516 25</u>	<u>131 532 50</u>	<u>87 722 50</u>	<u>747 426 25</u>
<u>(109 882 45)</u>	<u>(29 715 73)</u>	<u>(131 505 33)</u>	<u>(2 060 60)</u>	<u>(438 473 06)</u>
109 885 00	-	131 532 50	-	299 980 00
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30 000 00)</u>
<u>109 885 00</u>	<u>-</u>	<u>131 532 50</u>	<u>-</u>	<u>269 980 00</u>
2 55	(29 715 73)	27 17	(2 060 60)	(168 493 06)
<u>411 82</u>	<u>345 172 68</u>	<u>5 407 88</u>	<u>190 521 42</u>	<u>1 334 124 15</u>
<u>414 37</u>	<u>315 456 95</u>	<u>5 435 05</u>	<u>188 460 82</u>	<u>1 165 631 09</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS
March 31, 2004

EXHIBIT H

	<u>Current Tax Collection</u>	<u>Agency</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank and investments	<u>522 73</u>	<u>1 328 79</u>	<u>1 851 52</u>
Total Assets	<u>522 73</u>	<u>1 328 79</u>	<u>1 851 52</u>
<u>Liabilities</u>			
Due to others	<u>522 73</u>	<u>1 328 79</u>	<u>1 851 52</u>
Total Liabilities	<u>522 73</u>	<u>1 328 79</u>	<u>1 851 52</u>

CHARTER TOWNSHIP OF TALLMADGE
Ottawa County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year Ended March 31, 2004

EXHIBIT I

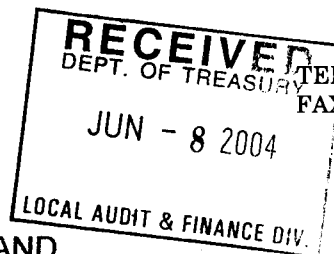
	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash and Investments	<u>375 94</u>	<u>5 394 153 94</u>	<u>5 394 007 15</u>	<u>522 73</u>
<u>Liabilities</u>				
Due to other funds	375 94	521 989 13	522 365 07	-
Due to others	-	4 872 164 81	4 871 642 08	522 73
Total Liabilities	<u>375 94</u>	<u>5 394 153 94</u>	<u>5 394 007 15</u>	<u>522 73</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>1 331 79</u>	<u>7 779 00</u>	<u>7 782 00</u>	<u>1 328 79</u>
<u>Liabilities</u>				
Due to other funds	-	913 50	913 50	-
Due to others	1 331 79	6 865 50	6 868 50	1 328 79
Total Liabilities	<u>1 331 79</u>	<u>7 779 00</u>	<u>7 782 00</u>	<u>1 328 79</u>
<u>TOTAL – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	<u>1 707 73</u>	<u>5 401 932 94</u>	<u>5 401 789 15</u>	<u>1 851 52</u>
<u>Liabilities</u>				
Due to other funds	375 94	522 902 63	523 278 57	-
Due to others	1 331 79	4 879 030 31	4 878 510 58	1 851 52
Total Liabilities	<u>1 707 73</u>	<u>5 401 932 94</u>	<u>5 401 789 15</u>	<u>1 851 52</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 10, 2004

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

We have audited the financial statements of the Charter Township of Tallmadge, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Charter Township of Tallmadge in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

For this purpose, materiality has been defined as “the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.”

An independent auditor’s objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor’s work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, “in our opinion.”

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management’s current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Charter Township of Tallmadge
Ottawa County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Charter Township of Tallmadge will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants